

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/10):**

BUTTER: Grade AA closed at \$1.1650. The weekly average for Grade AA is \$1.1615 (-.0275).

CHEESE: Barrels closed at \$1.1300 and blocks at \$1.1800. The weekly average for barrels is \$1.1150 (+.0100) and blocks, \$1.1455 (+.0210).

BUTTER: The butter market remains unsettled. At the CME early in the week, the cash price lost most of what it gained the previous week, but then increased slightly by week's end to settle at \$1.1650. Churning activity across the country is seasonally strong. Cream volumes remain more than ample in most areas of the country with surplus moving into the Midwest for processing. In most instances, churning activity continues to surpass demand thus butter inventories are increasing at a faster pace than the past four years. Much of the churning, even with Easter fast approaching, is going into bulk form. Handlers and traders indicate that orders continue to be placed for upcoming Easter/Passover needs. Orders have been slow in developing this year, but the upturn in the cash price last week spurred buyer interest. Some handlers state that upcoming holiday needs have already been filled. Retail feature activity during the holiday period continues to be discussed. Already in one metro area of the Midwest, a \$.99 per pound feature was advertised which should stimulate buyer interest.

CHEESE: The cheese market is unsettled to firm. Cash cheese prices at the Chicago Mercantile Exchange rebounded as buyers take advantage of current low prices to build inventory and utilize Lenten/seasonal promotions. Best interest generally continues for consumer convenience products such as shreds and slices. Current mozzarella interest has tightened fresh supplies appreciably. Process movement is steady to occasionally improved. Cheese production remains seasonally heavy though some operations are trying to shift milk from cheese into butter/powder production. Estimated January 2006 cheddar cheese output totals 260.0 million pounds, down 978,000 pounds (-0.4%) from January 2004. Total cheese output in 2006 totaled 764.3 million pounds, up 9.6 million pounds (1.3%) from last January.

FLUID MILK: Milk production continues to increase over most of the country. The spring flush seems to be coming earlier in the Southeast and may also last longer than normal. Where schools are starting to take spring breaks, Class I needs are generally lighter and additional volumes are diverted to manufacturing. Manufacturing milk supplies remain heavy and nearing capacity levels through most of the country. Steady to larger milk volumes are being shipped out of some states for processing. Plant capacity to handle anticipated spring peak volumes is a growing concern for more plant operators.

DRY PRODUCTS: Recent market trends continue with production of all items seasonally heavy due to larger volumes of milk available for manufacture. Markets for all products except lactose are steady to mostly

weak and prices are mostly lower. Inventories are accumulating and available dryer time for some products such as buttermilk are limited by the large volumes of skim being dried. Lactose prices are unchanged with spot trade limited due to tight supplies. Most plants are at least 2 weeks behind on deliveries.

CCC: During the week of March 6 - 10, there was no dairy price support activity.

JANUARY 2006 DAIRY PRODUCTS HIGHLIGHTS (NASS):

Butter production was 145.5 million pounds in January, 13.1% above January 2005 and 15.3% above December 2005. American type cheese production totaled 317.3 million pounds, 1.5% below January 2005 and 2.4% below December 2005. Total cheese output (excluding cottage cheese) was 764.3 million pounds, 1.3% above January 2005 but 3.4% below last month. Nonfat dry milk production, for human food, totaled 102.4 million pounds, 9.2% above January 2005 but 0.7% below a month ago. Dry whey production, for human food, was 86.6 million pounds, 8.6% above January 2005 and 8.1% above December 2005.

LICENSED DAIRY OPERATIONS (NASS): In 2005, the average number of licensed dairy herds in the U.S. totaled 64,555, down 2,270 herds (-3.4%) from 2004.

JANUARY FLUID MILK SALES (DAIRY PROGRAMS & CDIB):

During January, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3% higher than January 2005. After adjusting for calendar composition, sales in January 2006 were 0.1% higher than January 2005. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, reduced fat (2%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from January 2005, while sales of whole milk, low fat (1%) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmos/mib/in-areasales.htm>

C.W.T. Program: The members of Cooperatives Working Together (C.W.T.) voted this week to double the program's current five-cent per hundredweight assessment, in order to accumulate the additional financial resources necessary to address the surge in U.S. milk production that is beginning to depress farm-level prices. The higher assessment will begin on July 1 and run through 2007. In addition to voting for a higher assessment, members also modified several other features. The regional safeguard levels in the Northeast, Southeast and Midwest were raised. Whole Milk Powder (WMP) was added to the list of dairy products eligible for export bonuses and Mexico, a major market for WMP, was added to the list of eligible destinations for WMP. The target price for cheese under the export assistance program was lowered from \$1.40 per pound, to \$1.30. The target butter price remains at \$1.30 per pound.

******SPECIALS THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY MARCH 6	TUESDAY MARCH 7	WEDNESDAY MARCH 8	THURSDAY MARCH 9	FRIDAY MARCH 10	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1300 (+.0250)	\$1.1300 (N.C.)	(+.0250)	\$1.1150 (+.0100)
40# BLOCKS	\$1.1225 (N.C.)	\$1.1250 (+.0025)	\$1.1300 (+.0050)	\$1.1700 (+.0400)	\$1.1800 (+.0100)	(+.0575)	\$1.1455 (+.0210)
BUTTER GRADE AA	\$1.1600 (-.0575)	\$1.1600 (N.C.)	\$1.1600 (N.C.)	\$1.1625 (+.0025)	\$1.1650 (+.0025)	(-.0525)	\$1.1615 (-.0275)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 6, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.1925, 1 @ \$1.1625, 1 @ \$1.1575; BIDS UNFILLED: 3 CARS GRADE AA @ \$1.1600; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.2000, 1 @ \$1.2125, 2 @ \$1.2175

TUESDAY, MARCH 7, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1075; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1250; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1050

BUTTER — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.1600, 1 @ \$1.1550, 1 @ \$1.1525, 1 @ \$1.1500; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 8, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1300; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1600, 2 @ \$1.1550; OFFERS UNCOVERED: NONE

THURSDAY, MARCH 9, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1350; 2 CARS 40# BLOCKS @ \$1.1700; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.1700, 1 @ \$1.1500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1300

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1625, 1 @ \$1.1600; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 10, 2006

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$1.1800; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1700; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1300

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1650, 1 @ \$1.1625; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

BUTTER MARKETS

JANUARY BUTTER PRODUCTION

During January 2006, butter production in the United States totaled 145.5 million pounds, 13.1% more than January 2005 and 15.3% more than December 2005. The following are January to January changes for various states: CA +26.2%, NY +16.9%, PA +21.8%, and WI +13.0%.

NORTHEAST

Butter markets remain weak. After gaining six cents during last week's trading, the CME butter prices declined 5.75 cents in yesterday's (3/6) trading. The March 3, Dairy Products report showed sharp increases in butter output during January. Anecdotal, this likely helped push Monday's butter prices lower. Currently, churning activity remains heavy throughout the East. Cream volumes remain more than ample for local and Midwestern churns. Demand is seldom better than fair, but some retailers are placing orders for anticipated Easter and Passover needs. Increasing volumes of bulk are being stored. Foodservice orders are steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

Thus far this week, the CME cash butter price basically lost all of what it gained last week to settle at \$1.1600 at midweek. Most producers and handlers felt that the firm price trend would be short lived. Churning activity remains very active and butter producers indicate that cream offerings remain heavy. Pricing multiples remain in the 108 – 118 range. Prices this week were higher, especially for those basing their price on last weeks CME weekly cash butter average. After the decline in cash trading Monday, some suppliers had to switch their cream base price to the cash price on date of shipment to keep volumes moving. In most instances, butter production continues to surpass demand thus inventories continue to increase at a faster pace than the past four years. Handlers and traders

indicate that orders continue to be placed for upcoming Easter/Passover needs. Some handlers state that the Easter rush is already over. Orders have been slow in developing this year, but the upturn in the cash price last week spurred buyer interest. Plans for retail feature activity during the holiday period continue to develop. Already in one metro area of the Midwest, a \$.99 per pound feature was advertised which should stimulate buyer interest. Food service orders are seasonally fair. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

After gaining 6 cents last week on the cash CME market, prices fell 5 3/4 cents on Monday, this week. Some contacts are stating that the government production report was the main reason for the decline. They also believe that part of the reason for the run up was to get buyers off the side lines and into the market to start buying for Easter. They were somewhat successful, in that activity did pick up last week. Cream offerings may not be quite as heavy as a few weeks ago, but supplies going into the churn are still rated as heavier than anticipated for this time of year. Much of the churning, even with Easter fast approaching, is going into the bulk form. U.S. butter production in January totals 145.5 million pounds, up 13.1% from last year (16.8 million pounds). This figure is the highest monthly production total in 13 years. Production in the Western region is 63.0 million pounds, up 23.3% from last year (11.9 million pounds). The West produced 43% of U.S. butter in January. CME weekly butter inventories grew by 6.5 million pounds last week to stand at 102.1 million pounds. Stocks have been above 100 million pounds at this time of year only once before since this survey started in 1993. Last year, stocks this week were 63.1 million pounds and they were 96.4 million pounds in 2004. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
MARCH 4	1.1806	1.1498	0.8838	1.1783	0.3502
	9,265,338	10,556,903	32,919,915	3,484,049	10,199,798

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices moved lower again this week and the market tone remains weak. Although the CME weekly average for blocks and barrels moved lower last week, the daily trading levels have held (through 3/6) very steady for the last seven trading sessions. Northeastern cheese makers continue to have ample surplus milk available to them and cheese output is moderate to heavy. The lower priced Class III milk price (announced 3/3) is a help to most cheese makers. Cheese stocks are more than ample for the slow to fair demand. However, Easter, Lenten, and Passover needs have helped boost sales to some large retailers. Food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2075-1.7275
Cheddar Single Daisies	:	1.1650-1.6500
Cheddar 40# Block	:	1.2650-1.5375
Process 5# Loaf	:	1.3150-1.5550
Process 5# Sliced	:	1.3350-1.5625
Muenster	:	1.2800-1.4800
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled. Some in the industry are thinking that cheese prices may be in a trading range for at least the short term. Best interest is generally noted for mozzarella and convenience products such as shreds and sliced natural. Many in the industry are surprised by the tight supply situation for mozzarella. Interest is still fairly good for cheddar for aging and hard Italian varieties. Current cheddar interest is generally fair at best. Somewhat better spot interest is noted for non-cheddar American varieties by a few cutters. Process movement is steady to occasionally improved where featured. Spot supplies of Midwestern barrels are also limited as most production is previously committed. Some plant operators have limited cheese production in recent weeks where possible rather than lose money making product to inventory. Milk volumes are keeping most, if not all, plants operating on heavy seasonal schedules.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3750-1.7900
Brick And/Or Muenster 5#	:	1.6700-1.8200
Cheddar 40# Block	:	1.4725-2.2650
Monterey Jack 10#	:	1.7125-2.2650
Blue 5#	:	1.9750-2.5000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3000-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4050-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
	:	
03/06/06	31,005	: 133,466
03/01/06	30,370	: 132,576
CHANGE	635	: 890
% CHANGE	2	: 1

WEST

Block cheese prices at the cash CME market fell below the support price of \$1.13 1/4 on February 24 and have held steady or declined since then until this week when they increased again to stand at \$1.13. A number of cheese users note that these are the lowest cheese prices seen in almost three years and they are buying some cheese ahead of the time that they need it. Some have covered all of April and will work on May next week. They see very little down side risk and believe that owning cheese at these prices is a good idea. Orders for number 1 cheese are more balanced now, but offerings of under grade cheese are still heavy. Some dairy operations are moving milk from cheese plants to butter/powder operations if possible. U.S. American cheese production in January totals 317.3 million pounds, down 1.5% from last year. Total cheese output in January is 764.3 million pounds, up 1.3% from last year (9.6 million pounds). Total cheese output in the Western region in January is 320.3 million pounds, unchanged from last year. The West produced 42% of U.S. cheese production in January. Swiss output for January for the U.S. was 26.2 million pounds, up 12.5% from 2005. Commercial Disappearance of cheese during the last quarter of 2005 totaled 2.43 billion pounds, down 2.2% from the same quarter in 2005. That is the first decline since the second quarter of 2003 and it is the largest negative quarter in seven years.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2575-1.5150
Cheddar 40# Block	:	1.2425-1.5950
Cheddar 10# Cuts	:	1.4225-1.6425
Monterey Jack 10#	:	1.4325-1.5925
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady to lower and the market tone is unchanged. Stocks of most styles are adequate to meet the slower, generally fair demand. Some improvement for traditional cheeses consumed during Lent has been noted.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300	: 1.5200-3.0100*
Gorgonzola	: 3.6900-5.9400	: 2.0300-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9350-3.0400*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5200-1.7575*
Romano (Cows Milk)	: -0-	: 2.7175-4.8600*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	84	0	96	0	125
SOUTHEAST STATES	0	0	0	0	0	0

The following are the February 2006 Class and component prices under the Federal Milk Order pricing system: Class II \$12.62 (down \$.63 from January), Class III \$12.20 (down \$1.19), and Class IV \$11.10 (down \$1.10). The following are the product price averages used in computing Class prices: butter \$1.2374, NDM \$0.8833, cheese \$1.2637 and dry whey \$0.3531. The Class II butterfat price is \$1.3539 and the Class III/IV butterfat price is \$1.3469. Milk production continues to increase in the Southeast and, to a lesser degree, the Middle Atlantic region. In the Northeast, output is steady, but more reports indicate that the milk flow is starting to increase along seasonal patterns. Fluid milk supplies are often reported as excessive and most manufacturing plants are operating at heavier than anticipated levels. March is typically the month when many Southeastern states hit their peak. This year, the flush seems to be coming earlier than normal and expected to last longer. Reports of plant problems in the Southwest have forced some milk to be shipped to the Southeast for processing. Most Southeastern manufacturing operations are already at capacity levels while plants in the Northeast still have some capacity. Actually, some contacts in the Northeast reported less surplus milk and were able to take a down day to "give their equipment a breather." Bottled milk sales are mostly steady at just fair levels. Contacts comment that Class I volumes sent to bottlers, though quite stable, just "get lost" in the growing volumes of milk in the region. Florida handlers shipped less milk out of state this week, but feel that volumes will grow from this point. The condensed skim market is mixed. Contract sales are clearing okay, but spot demand is hit or miss depending on price. Some lower priced spot sales are attracting some interest. The fluid cream market is still weak. Supplies are still excessive, but the season and lower prices are stimulating some improved Class II and III demand. Cream cheese producers are stepping up output to meet the anticipated Lenten, Easter, and Passover needs. Some improved sales to ice cream makers are noted, but other producers, citing heavy inventories, are cutting back on cream and condensed purchases. Spot prices are often higher as last week's CME butter average did increase a little more than three cents. However, with butter prices dropping nearly six cents on Monday (3/6), some cream buyers are waiting for next week to make purchases or are buying based on the CME price, date-of-shipment. Production of sour cream, dips, and bottled cream are improving as Easter and Passover approach. Churning activity is steady to lighter. One operation was able to schedule some "down time" for their churn late this week, but they expect to be back up and running heavy on Monday.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3911-1.5219
DELIVERED EQUIVALENT ATLANTA	-	1.4030-1.5338 M 1.4387-1.4863
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3317-1.4863
PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9600-1.0400
NORTHEAST- CLASS III - SPOT PRICES	-	.9500-1.0400

M I D W E S T

Class I demand was steady to improved where retailers are pushing early month feature activity, including some priced just under \$1.90 per gallon for the various fat content levels. Manufacturing milk interest remains light as plant operators continue to limit cheese production or just utilize their current milk receipts. Some manufacturing milk interest is noted from mozzarella operations where demand has been much improved for a couple weeks. Mozzarella interest is good enough for one firm that they are delaying a planned one-day plant shutdown. Reported spot manufacturing milk prices range from over -\$1.00 on the west side of the region to around -\$0.80 to -\$0.25, net under class in the Wisconsin/N. Illinois area. Reports indicate extra fluid volumes are also moving into northern tier state plants from southern sections. Cream demand is steady to occasionally improved at

steady to slightly higher multiples. Volumes headed to the churns are steady to occasionally lighter. Ice cream production is increasing seasonally for both current sales and inventory building purposes. Milk production is steady to just occasionally higher seasonally. Some operations report that recent increases seem to have slowed. A few operators report that some producers are starting to more aggressively cull with the prospect of much lower milk prices and lower cattle prices as slaughter numbers increase. Fat and protein levels are also trending slowly lower. Warmer temperatures and rain have softened fields and made field spreading manure difficult as the frost works out. Snow cover is basically limited to drifts and banks. The low end of the heifer calf price range is the lowest since late September.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 54.00	\$ 53.00- 58.00
REPLACEMENT HEIFER CALVES	\$350.00-725.00	\$375.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 57.00	\$ 56.00- 62.00

W E S T

CALIFORNIA production continues to move higher. Milk handling is being stretched with processing plants wanting to take a down day but being asked to run. Others, trying to update equipment or do maintenance, are also being asked to keep going. Additional milk is moving out of state for processing homes. Processors are deeply concerned with the building milk supplies and the fact that the peak will likely be a couple months away. Class 1 usage is lower for several bottlers in the state and attributed to lower retail demand, schools taking spring breaks, and some bottlers losing accounts. First cropping of alfalfa has started in the southern desert and moving to dairies. Milk output levels in ARIZONA continue to trend higher on a week to week basis and total volumes are higher than year ago levels. The dry conditions don't directly impact cow comfort when temperatures are cool to moderate. Daytime high temperatures are forecast to be in the 60's, so stress should be minimal. NEW MEXICO milk production remains seasonally heavy and plants are running actively to handle the available milk. Even with new plant capacity in the state, milk is moving out of state to process the growing quantities. Prices are being discounted and loads are traveling farther. The Western CREAM market conditions remain similar to recent weeks. Offerings continue to be heavy and offered at reduced prices to local and out of region buyers. Excess loads are ending up at local churns where butter production is heavy and butter stocks are building. Increased milk production is leading to more cream available. The bright spot in cream utilization is cream cheese, where production and sales are good for food service, retail and industrial accounts. Ice cream utilization is slowly developing, but not as vigorous considering the price of cream. Butter prices closed at \$1.1600 this week, giving up the 5.75 cents it rallied last week. Heavy production and offerings were likely cues. Cream multiples are hard to ascertain but trade in the 94 to 117, FOB, and vary depending on class usage and basing point. Conditions are wet and colder in the PACIFIC NORTHWEST. Last week's generally dryer conditions did improve feed lots from a mud point of view. This week, they are very wet again and winds are adding to the stress. Snow levels are down to 1000 feet and accumulations on top should approach 2 feet. The water situation for next summer is looking excellent. Milk output over most of the region is moving higher seasonally. Participants believe lower milk prices are the cause of heifer prices (\$2000-2225) being off about \$200 from last month at a monthly heifer sale in Washington. Numbers sold were down from last month and last year. Hay buyers have to deal with very wet stacks that are showing quite a bit of mold. They generally need to use the hay because there are few alternatives. Snow and cold temperatures are common over much of the dairy region in UTAH. Contacts don't feel that it will impact milk output all that much. They speculate that fall seeded crops and alfalfa will come out of the winter in excellent shape. Temperatures are generally warmer in the dairy areas of IDAHO and little snow is expected. Milk output in the two states is starting to increase seasonally. Average heifer prices at two sales in the region range from \$1640-1930. These prices are down about \$200 from the first of the year.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are lower on a weak market. Offerings are heavy for the light to fair interest. With some Central prices nearly equivalent to prices in the West, buyers are not seeing an advantage from sourcing from the West. Some buyers that bought heavily in January are resisting purchasing additional loads due to the significant price disparity between prices reported in January compared to current trends. Aged stocks of NDM are reportedly available at a slight discount to the market. High heat stocks are limited for the mostly contractual demand. Condensed skim is readily available for the light interest. **EAST:** Prices continue to decline. The NASS weekly average (the basis for most sales) declined moderately again last week. Also, some large volume sales have been noted at very low prices for the Eastern area of the country. Discounted prices are clearing sizeable portions of producers' inventories, but heavy production is expected to quickly replenish any reductions these sales may have created. Milk production, particularly in the Southeast, holds at near-flush levels, most Eastern dryers report heavy output. Domestic demand is lackluster as buyers/users wait for better (lower) prices. Export interest is improved in some instances. Conversation and speculation continues as to when NDM will move to CCC.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during January 2006 totaled 102.4 million pounds, up 9.2% from January 2005 but 0.5% below December 2005. Month ending stocks, at 114.3 million pounds, are 38.3% above a year ago and 0.4% above last month. [Note: NASS NDM totals do not account for SMP production and stocks]

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8300 - .9125 MOSTLY: .8400 - .8600
 HIGHHEAT: .9025 - 1.0300

NONFAT DRY MILK - WEST

Pricing levels for nonfat dry milk in the West for low/medium powder are mixed, but the market tone remains weak. Fluctuation in pricing indexes are occurring - moving lower one week, then turning higher the next. These pricing moves don't capture the overall weakness to the market. Spot prices are being lowered to help move stocks. Multi load offerings are also being made at further reduced prices. Some resellers are moving product below their costs to keep them clear of inventories over their concern over the potential for the market prices to move lower. Lack of demand is the limiting factor for all segments. Cheese makers are often full of milk themselves and being offered condensed skim for fortification. NDM production remains heavy and dryer times are more committed as milk intakes increase in the region. Current stocks are moderate to heavy. High heat prices are lower and also reflect lower indexes. The market tone is also weaker. Availability is better balanced than other heat treatments with production times for high heat limited, especially at larger plants. The heavy volumes of milk are pushing operators and less time is available for making high heat. Inventories are light to moderate. U.S. NDM production in January totaled 102.4 million pounds, 9.2% higher than last year but 0.7% less than last month. January production in the Western region totaled 71.7 million pounds, up 9.8% from last year. The West produced 70% of the U.S. total in January. California produced 44.2 million pounds, up 12.2% from January 2005. U.S. manufacturers' stocks at the end of January were reported at 114.3 million pounds, 38.3% more than last year and 0.4% higher than last month. [Note: NDM statistics may not include skim milk powder (SMP).]

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8650 MOSTLY: .8200 - .8300
 HIGHHEAT: .8800 - .9200

CALIFORNIA MANUFACTURING PLANTS - NDM
 -see adjacent column-
DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. Steady intakes of cream at most churns are encouraging buttermilk production. As a result, stocks of buttermilk continue to build. Brokers that have been offered multiple load deals from manufacturers continue to search for export markets willing to take dry buttermilk. Movement is best on a contractual basis. Production of dry buttermilk during January 2006 totaled 6.9 million pounds, 0.5% more than January 2005 and 8.7% above December 2005. Month ending stocks, at 14.7 million pounds, are 34.0% above a year ago and 15.9% higher than December 2005.

F.O.B. CENTRAL: .7800 - .8775

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone remains weak and the Northeastern prices are nominal. Price changes are both higher and lower as the sharply discounted prices noted a few weeks ago are no longer reported and the high prices have been sharply reduced to stimulate additional interest. Production levels are heavy and often outpacing sales. Consequently, producer stocks are growing. Demand remains lackluster. Dry buttermilk production during January 2006 totaled 6.9 million pounds, up 0.5% from last January 2005 and 8.7% more than December 2005. Month ending stocks, at 14.7 million pounds, are up 34.0% from a year ago and 15.9% more than a month ago.

F.O.B. NORTHEAST: .8300 - .8400
 DELVDSOUTHEAST: .8525 - .8600

DRY BUTTERMILK - WEST

Western dry buttermilk prices continue the recent pattern of moving lower. Demand is seasonally slow and buyers are waiting before making additional purchases above current needs. There are reports that buttermilk is being offered at prices below the bottom end of the range for a block deal. Producers are willing to make deals to clear product. The availability of condensed buttermilk continues to impact the market as drying times are limited because of the amount of nonfat dry milk being processed. Processors have stocks and are willing to negotiate to keep product moving. U.S. dry buttermilk production in January totaled 6.9 million pounds, up 0.5% from last year and 8.7% more than December. Stocks at the end of January were 14.7 million pounds, 34.0% more than last year and 15.9% higher than last month.

F.O.B. WEST: .7500 - .8200 MOSTLY: .7800 - .8000

DRY WHOLE MILK - NATIONAL

Prices are sharply lower as the Class IV milk price dipped \$1.10 and the CME butter price remains quite low. The price is nominal. The market tone is unchanged. Production levels are light and generally geared to meeting existing orders. However, some feel that the lower prices may improve buying interest. Demand is steady and plant stocks are balanced. Dry whole milk production during January 2006 totaled 2.3 million pounds, down 43.2% from January 2005 and 20.4% less than December 2005.

F.O.B. PRODUCING PLANT: 1.2000 - 1.2400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 3	\$.8636	15,654,169	0
February 24	\$.8363	9,495,270	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY – CENTRAL

Prices are unchanged to lower on a weak market. Although most manufacturer list prices are trending unchanged, export trade is being reported at significant discounts for direct shipment. As a result, resellers are tentative in holding any additional supplies of whey and trading at a discount to the market. Some contractual users are delaying pick-up of their loads due to a lack of adequate placement for the product and in an attempt to garner lower prices. Consequently, manufacturer stocks are building at some locations. Production is steady with most plants operating at capacity. Feed grade whey supplies are limited for the good interest. Offerings of condensed whey are noted into feed and WPC/lactose facilities for the light interest. Production of HUMAN FOOD, dry whey during January 2006 totaled 86.6 million pounds, 8.6% more than January 2005 and 8.1% above December 2005. Month ending stocks, at 37.2 million pounds, are 1.9% below a year ago but 1.2% more than December 2005. Production of ANIMAL FEED, dry whey during January 2006 totaled 6.1 million pounds, 3.9% less than January 2005 but 0.3% above December 2005. Month ending stocks, at 3.6 million pounds, are 3.5% lower than a year ago and 4.2% less than December 2005.

F.O.B. CENTRAL: .3000 - .3625 MOSTLY: .3200 - .3475
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3000 - .3375

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to lower within the ranges and nominal in the Northeast. The market tone remains weak. Eastern producers continue to report good contract sales and have little unsold inventory. Continued heavy production is adding to the inventories of some manufacturers. For the most part, traders are having more difficulty clearing their contracted purchases. In instances, traders/brokers are moving spot loads at a loss to keep stocks from accumulating. Spot demand remains slow as buyers continue to wait for better prices. As natural gas prices decrease, more producers are reducing or eliminating their energy surcharges and this is helping move asking prices lower. Production of human food, dry whey during January totaled 86.6 million pounds, 8.6% more than January 2005 and 8.1% more than December 2005. Month ending stocks, at 37.2 million pounds, are 1.9% below last year but 1.2% more than a month ago. Production of animal feed, dry whey during January totaled 6.1 million pounds, 3.9% less than a year ago but 0.3% above December 2005.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3550 - .3750
DELVD SOUTHEAST: .3725 - .3925

DRY WHEY – WEST

Prices for Western whey range from steady to fractionally lower. Supply and demand are in reasonably close balance. Stocks are not a problem at the producer level, but they are being watched very carefully. No one wants to have heavy stocks left if prices fall. Both domestic and export buyers continue to take normal volumes of powder. U.S. powder remains the best price and availability compared to competitors in the world. January U.S. human whey production totals 86.6 million pounds, up 8.6% from last year. Stocks at the end of the month total 37.2 million pounds, down 1.9% from last year. During January, the West produced 27.0 million pounds of human whey powder, up 20.3% from last year. This total was 31% of U.S. output in January.

NONHYGROSCOPIC: .3200 - .3700 MOSTLY: .3300 - .3550

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Producers that contracted the bulk of their supplies are in the best position, especially for manufacturers of Grade A or heat treated WPC 34%. Others that trade predominantly on a spot basis have extra loads to clear with offerings noted at significant discounts. Unconfirmed trade of multiple loads of WPC 34% into export markets at a discount is noted. Weaker prices reported in the WPC 80% may be encouraging lower prices reported on WPC 34%. Offerings of feed grade supplies of WPC 34% and 80% are readily available to the trade. Production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during January 2006 totaled 25.5 million pounds, 23.7% higher than January 2005 and 2.2% above December 2005. Manufacturers' end-of-month stocks totaled 20.8 million pounds, 34.1% higher than a year ago and 4.6% above last month. Production of HUMAN AND ANIMAL WPC (50.0-89.9% PROTEIN) during January 2006 totaled 9.3 million pounds, up 12.4% from January 2005 but 0.8% below December 2005. Manufacturers' end-of-month stocks totaled 13.1 million pounds, 13.0% above last year and 13.9% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .6800 - .7350 MOSTLY: .6950 - .7250

LACTOSE - CENTRAL AND WEST

Prices continue unchanged on a firm market. Most trade is occurring on a contractual basis with very limited supply availability for spot trade. Most plants report that they are at least 2 weeks behind on their shipments. Some locations report that they will not be able to negotiate second quarter contracts until they can adequately catch up on current demand. Offering prices reported for second quarter are 1-2 cents higher than first quarter. Inquiries are noted from domestic and export buyers. Feed grade supplies are limited for the good interest. Lactose production during January 2006 totaled 59.4 million pounds, up 5.9% from January 2005 and 4.8% higher than December 2005. Month ending stocks, at 52.0 million pounds, are 29.4% lower than a year ago and 3.3% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2800 MOSTLY: .2300 - .2550

CASEIN – NATIONAL

Casein markets and prices are generally steady. Producers and handlers continue to report that supplies are sufficient to maintain scheduled shipments, with acid volumes in the tightest position. Milk production in Oceania is declining seasonally. Cumulative milk volumes in Australia are edging lower from more positive levels earlier in the season with output in New Zealand trailing last year. Although milk production is holding steady to down from last year, Oceania casein producers state that current year output is comparable with last year. European milk production is building seasonally, but is being closely monitored as the quota year end nears. Casein producers state that production is increasing, but state that overall European production will probably be lower this year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.1500 - 3.2700
ACID: 3.0800 - 3.2700

EVAPORATED MILK – NATIONAL

Prices and the market tone are unchanged. Some producers are trying to move prices higher to offset the higher manufacturing and packaging costs. Production levels are heavy as surplus milk volumes remain heavy. Retail sales are seasonally slow. Canned evaporated milk production during January totaled 35.6 million pounds, 15.1% less than January 2005 and 26.0% less than December 2005. Month ending stocks, at 36.3 million pounds, are 21.7% below a year ago and 4.9% less than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, FEBRUARY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for February 2006 is \$1.3469 per pound. Thus, the Class II butterfat price is \$1.3539. The protein and other solids prices for February are \$2.1220 and \$0.1999 per pound, respectively. These component prices set the Class III skim milk price at \$7.76 per cwt. The February Class IV skim milk price is \$6.62 which is derived from the nonfat solids price of \$0.7359 per pound.

Product Price Averages: The product price averages for February are: butter \$1.2374, nonfat dry milk \$0.8833, cheese \$1.2637, and dry whey \$0.3531.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	FEBRUARY 2006				MARCH 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	16.63	12.62	12.20	11.10	15.74
Appalachian (Charlotte) 5/	005	16.48	12.62	12.20	11.10	15.59
Southeast (Atlanta) 6/	007	16.48	12.62	12.20	11.10	15.59
Florida (Tampa) 7/	006	17.38	12.62	12.20	11.10	16.49
Midwest (Cleveland) 8/	033	15.38	12.62	12.20	11.10	14.49
Upper Midwest (Chicago) 9/	030	15.18	12.62	12.20	11.10	14.29
Central (Kansas City) 10/	032	15.38	12.62	12.20	11.10	14.49
Southwest (Dallas) 11/	126	16.38	12.62	12.20	11.10	15.49
Arizona-Las Vegas (Phoenix) 12/	131	15.73	12.62	12.20	11.10	14.84
Pacific Northwest (Seattle) 13/	124	15.28	12.62	12.20	11.10	14.39
All-Market Average	---	16.03	12.62	12.20	11.10	15.14

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

**Number of Operations with Milk Cows and Number of Licensed Dairy Herds,
by State, United States, 2004-2005**

State	2004		2005	
	Operations with Milk Cows <u>1/</u>	Licensed Dairy Herds <u>2/</u>	Operations with Milk Cows <u>1/</u>	Licensed Dairy Herds <u>2/</u>
	Number			
AL	190	100	190	90
AK	30	10	30	10
AZ	230	150	210	140
AR	380	240	320	210
CA	2,300	2,030	2,300	1,970
CO	670	170	660	170
CT	250	180	230	170
DE	90	90	85	90
FL	500	190	480	180
GA	630	330	610	320
HI	30	10	30	5
ID	900	755	850	725
IL	1,500	1,210	1,400	1,155
IN	2,300	1,900	2,200	1,830
IA	2,600	2,420	2,500	2,370
KS	950	490	900	460
KY	2,300	1,435	2,200	1,335
LA	420	310	390	280
ME	500	390	470	370
MD	850	695	850	655
MA	270	220	250	200
MI	2,900	2,680	2,800	2,590
MN	6,100	5,810	5,800	5,530
MS	390	250	350	230
MO	2,800	1,840	2,700	1,780
MT	600	120	650	120
NE	830	450	770	405
NV	120	30	110	30
NH	210	140	200	140
NJ	160	130	150	120
NM	450	170	450	170
NY	6,900	6,600	6,700	6,430
NC	800	375	680	365
ND	600	400	550	360
OH	4,500	3,780	4,400	3,610
OK	1,500	400	1,400	380
OR	780	350	790	330
PA	9,100	8,720	8,900	8,700
RI	30	20	30	20
SC	200	110	200	110
SD	1,000	700	800	650
TN	1,200	760	1,100	710
TX	1,700	810	1,500	780
UT	600	360	580	345
VT	1,300	1,280	1,300	1,230
VA	1,400	850	1,400	815
WA	820	620	810	610
WV	480	140	470	130
WI	15,900	15,570	15,300	15,100
WY	260	35	250	30
U.S. <u>3/</u>	81,520	66,825	78,295	64,555

1/ An operation is any place having one or more head of milk cows, excluding cows used to nurse calves, on hand at any time during the year. 2/ Average number of dairy farms licensed to sell milk, based on counts collected from State and other regulatory agencies.

SOURCE: "Milk Production," Da 1-1 (2-06), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture

JANUARY 2006 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 145.5 million pounds in January, 13.1 percent above January 2005 and 15.3 percent above December 2005. **AMERICAN TYPE CHEESE** production totaled 317.3 million pounds, 1.5 percent below January 2005 and 2.4 percent below December 2005. **TOTAL CHEESE** output (excluding cottage cheese) was 764.3 million pounds, 1.3 percent above January 2005 but 3.4 percent below December 2005. **NONFAT DRY MILK** production, for human food, totaled 102.4 million pounds, 9.2 percent above January 2005 but 0.7 percent below December 2005. **DRY WHEY** production, for human food, was 86.6 million pounds, 8.6 percent above January 2005 and 8.1 percent above December 2005. **ICE CREAM** (hard) production totaled 61.2 million gallons, 1.3 percent above January 2005 and 10.2 percent above December 2005.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JAN 2006	PERCENT CHANGE FROM:			PRODUCT	JAN 2006	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 2005	DEC 2005	YEAR TO DATE 1/		1,000 LBS.	JAN 2005	DEC 2005	YEAR TO DATE 1/
BUTTER	145,477	13.1	15.3	13.1	SOUR CREAM	83,167	8.2	-14.6	8.2
CHEESE					YOGURT (PLAIN AND FLAVORED)	251,663	12.7	16.3	12.7
AMERICAN TYPES 2/	317,278	-1.5	-2.4	-1.5	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	260,071	-0.4	0.7	-0.4	SWEET-TYPE, HUMAN FOOD	8,373	32.5	-3.8	---
SWISS	26,199	12.5	-2.3	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	8,119	43.8	-5.5	---	DRY WHEY, HUMAN FOOD	86,646	8.6	8.1	---
CREAM & NEUFCHATEL	54,341	11.5	-14.9	---	DRY WHEY, ANIMAL FEED	6,135	-3.9	0.3	---
HISPANIC	13,109	3.2	-7.9	---	DRY WHEY, TOTAL	92,781	7.6	7.5	7.6
MOZZARELLA	259,676	3.3	-2.8	3.3	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	68,229	3.7	0.9	3.7	HUMAN FOOD	3,760	-12.6	4.7	---
TOTAL ITALIAN TYPES	327,905	3.4	-2.0	3.4	ANIMAL FEED	4,061	0.2	-11.4	---
ALL OTHER TYPES	17,308	-30.5	-4.0	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	59,377	5.9	4.8	---
TOTAL	764,259	1.3	-3.4	1.3	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	34,964	-2.1	4.9	---	HUMAN FOOD 7/	29,917	22.0	-0.9	---
COTTAGE CHEESE, CREAM 4/	27,718	-6.0	6.1	-6.0	ANIMAL FEED 7/	4,949	12.1	17.3	---
COTTAGE CHEESE, LOWFAT 5/	31,355	6.4	10.1	6.4					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	35,578	-15.1	-26.0	---	ICE CREAM (HARD)	61,211	1.3	10.2	1.3
DRY WHOLE MILK	2,338	-43.2	-20.4	---	ICE CREAM, LOWFAT (HARD)	8,316	7.9	4.5	---
NONFAT DRY MILK, HUMAN FOOD	102,409	9.2	-0.7	9.2	ICE CREAM, LOWFAT (SOFT)	17,189	-11.3	13.9	---
DRY SKIM MILK, ANIMAL FEED	350	-8.6	-25.2	---	ICE CREAM, LOWFAT (TOTAL)	25,505	-5.8	10.7	-5.8
DRY BUTTERMILK	6,905	0.5	8.7	---	SHERBET (HARD)	3,859	-8.0	13.1	-8.0
					YOGURT (TOTAL)	4,015	-6.6	-8.0	-6.6

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	JAN 2006	PERCENT OF:		PRODUCT	JAN 2006	PERCENT OF:	
	1,000 LBS.	JAN 2005	DEC 2005		1,000 LBS.	JAN 2005	DEC 2005
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	37,205	-1.9	1.2	HUMAN FOOD	31,418	27.6	8.2
DRY WHEY, ANIMAL FEED	3,562	-3.5	-4.2	ANIMAL FEED	2,523	0.4	5.8
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	4,696	-2.5	10.2	CANNED EVAPORATED & CONDENSED WHOLE MILK	36,274	-21.7	-4.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	51,991	-29.4	-3.3	NONFAT DRY MILK FOR HUMAN FOOD	114,274	38.3	0.4
DRY BUTTERMILK, TOTAL	14,722	34.0	15.9				

1/ 2006 cumulative as percent change of 2005 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (3-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

SUMMARY OF ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, BY MONTHS, 2005 1/

Month	Fluid milk sales by marketing area											Estimated Total U.S. <u>3/</u>
	Northeast	Appa- lachian	Southeast	Florida	Mideast	Upper Midwest	Central	Southwest	Arizona- Las Vegas <u>2/</u>	Pacific Northwest	California	
	Million pounds											
Jan	814	302	422	264	541	385	407	368	109	188	547	4,725
Feb	747	266	381	240	495	343	357	329	99	160	499	4,258
Mar	816	297	413	265	532	380	395	361	108	185	553	4,680
Apr	787	288	404	253	527	371	389	354	106	176	531	4,550
May	797	283	394	243	515	369	376	347	101	179	534	4,497
Jun	744	270	369	229	471	332	351	328	96	169	518	4,213
Jul	748	276	376	236	487	348	349	333	101	169	511	4,278
Aug	768	299	425	257	529	362	398	374	108	174	529	4,590
Sep	804	298	418	250	531	380	405	378	108	184	548	4,679
Oct	832	295	426	242	541	372	402	374	106	184	554	4,706
Nov	794	297	420	247	533	372	398	367	111	184	531	4,623
Dec	826	304	422	255	551	387	411	369	110	185	545	4,744
Total <u>4/</u>	9,479	3,476	4,870	2,981	6,252	4,401	4,638	4,281	1,264	2,137	6,400	54,543

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 92% of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8% of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the annual figures here may differ from the annual figures published by ERS. Fluid milk products include: plain and flavored whole milk, plain and flavored fat-reduced milk, buttermilk, eggnog, and miscellaneous fluid milk products. 2/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada. 3/ Estimated total includes the remaining 8% outside of Federal milk orders and California. 4/ May not add due to rounding.

JANUARY FLUID MILK SALES

During January, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3 percent higher than January 2005. After adjusting for calendar composition, sales in January 2006 were 0.1 percent higher than January 2005. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, reduced fat (2%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from January 2005, while sales of whole milk, low fat (1%) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
JANUARY 2006, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,450	1,450	-2.6	-2.6
Flavored Whole Milk	63	63	0.3	0.3
Reduced Fat Milk (2%)	1,551	1,551	2.0	2.0
Low Fat Milk (1%)	559	559	-0.1	-0.1
Fat-Free Milk (Skim)	699	699	1.2	1.2
Flavored Fat-Reduced Milk	357	357	3.4	3.4
Buttermilk	43	43	-1.0	-1.0
Total Fluid Milk Products 3/	4,738	4,738	0.3	0.3
Total Fluid Milk Products Adjusted 3/ 4/	4,790	4,790	0.1	0.1

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY 2006, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	805	805	-1.1	-1.1
Appalachian (005)	310	310	2.5	2.5
Southeast (007)	438	438	3.8	3.8
Florida (006)	259	259	-1.8	-1.8
Mideast (033)	542	542	0.1	0.1
Upper Midwest (030)	380	380	-1.2	-1.2
Central (032)	409	409	0.3	0.3
Southwest (126)	373	373	1.5	1.5
Arizona-Las Vegas (131) 3/	111	111	2.2	2.2
Pacific Northwest (124)	185	185	-1.8	-1.8
California (---)	548	548	0.1	0.1

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included.

2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 6 - 10, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 03/03/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 6 - 10, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - MARCH 10, 2006 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	-0-	29,415,099	-0-	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	-0-	31,817,269	-0-	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/18/06 & Comparable Week 2005

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.5	5.8	2.2	13.5	2.3	0.4	N.A.	13.3	1.8	41.0	351.8
2005-Dairy	N.A.	0.7	6.4	2.3	15.3	3.3	0.7	N.A.	14.4	2.9	46.9	394.2
2006-All cows	N.A.	0.6	7.2	10.2	26.6	13.5	10.7	N.A.	15.1	2.2	88.9	766.0
2005-All cows	N.A.	0.7	7.9	10.4	29.7	12.2	11.8	N.A.	15.0	5.2	95.9	798.1

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49									
II	13.25	12.62										
III	13.39	12.20										
IV	12.20	11.10										

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoss/mib/cls_prod_cmp_pr.htm